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UNCLAS MUSCAT 000512

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SUBJECT: PRIVATE SECTOR FORUM BOOSTS UNIONIZATION

Summary

1. (SBU) With considerable media attention, a leading Muscat businessman devoted the March 31 session of his influential discussion forum to promoting Oman's labor union movement. Union leaders addressed key CEO's on their growing pains, while one company exec suggested that Omani unions be permitted to form by guild rather than just enterprise. The forum's host previewed upcoming government efforts to address a perennial labor complaint -- late and non-payment of wages. End summary.

Shedding Light on Union Plight

2. (U) Well-known Muscat businessman Khalil al-Khonji hosted an exclusive labor forum at his home on March 31. Participants, which included representatives from Oman's national union coordinating body, the Main Representative Committee (MRC), leading private sector businessmen, and government officials, talked openly and frankly about the role of labor unions in Oman. MRC Chairman Abduladheem Abbas clarified the objectives and role the workers committees (unions) play, including mediation of disputes and training for professional development. One CEO commented that there should be legislation allowing workers committees to form on the basis of skills (e.g., banking professionals) rather than simply enterprise. The unique forum received widespread press coverage in both the Arabic and English dailies, and is seen as a positive development of the ever-evolving labor situation in Oman. (Note: Although the "majlis" or "diwaniyya" tradition is strong in other Gulf Arab states, al-Khonji's is one of the few such regular discussion groups in Oman. By inviting leading press figures, he ensures heavy media coverage of his events. End note.)

Cracking Down on Late Payment of Wages

3. (SBU) On April 2, PolOff met with al-Khonji to discuss the labor forum and other labor developments in Oman. Al-Khonji confirmed that Oman will institute a mandatory direct deposit scheme by the end of this year. Under such a policy, companies employing a designated number of workers will be required to deposit all employees' monthly salaries in the Central Bank of Oman (or other participating banks), and then provide a receipt of deposit to the Ministry of Manpower. The new policy would greatly reduce the number of complaints the MOM currently receives regarding delayed or non-payment of wages. Al-Khonji also confirmed that the government has visited over 150 companies to encourage union formation, as well as to garner support for the MRC. For workers committees to be successful, al-Khonji believes strongly that they need the initial support of the government, and that there should be more outreach and educational campaigns on the labor law.

Comment

4. (SBU) In addition to being a scion of one of Muscat's oldest and most prominent commercial families, al-Khonji is the business representative on Oman's tripartite annual ILO delegation. He is well-connected to the Minister of Manpower and knows about ongoing labor developments at that Ministry. His vocal support of unionization in Oman, and his desire to educate the business sector on committee roles and responsibilities, is encouraging news for the fledgling committees. Despite our concerns in the Free Trade Agreement ratification hearings over the Omani government's often heavy-handed role in overseeing Oman's fledgling labor unions, al-Khonji is hardly alone in worrying that the government's involvement is still critical to nurturing the nascent union movement.

